

HOUSE BILL No. 1524

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-22.5.

Synopsis: Grow our local economy districts. Provides that a county fiscal body may adopt a resolution designating certain townships as grow our local economy districts (district). Provides that a township may be designated as a district only if the net residential assessed value in the township is at least 65% of the total net assessed value in the township. Requires a county fiscal body to make certain findings before adopting the resolution designating a district. Provides that after adopting a resolution designating a district, the county fiscal body must submit the resolution to the Indiana economic development corporation (IEDC) for approval. Specifies that if the designation of a district is approved by the IEDC, the treasurer of state shall establish an incremental tax financing fund for the district. Provides that incremental sales and use taxes collected by businesses that begin operating in the district after the district is approved and incremental income taxes from wages of employees of businesses that begin operating in the district after the district is approved shall be paid to the incremental tax financing fund and distributed to the county containing the district. Specifies that not more than \$5,000,000 of total incremental tax revenue may be distributed to a county for a particular district. Authorizes a county to use the incremental tax revenue from a district to: (1) finance, construct, improve, equip, operate, or maintain an economic development project or a local public improvement in the district; (2) acquire or lease any land or facilities for an economic development project or a local public improvement in the district; (3) pay debt service on bonds or other obligations; or (4) establish and maintain a debt service reserve. Requires a county fiscal body to

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Effective: July 1, 2007.

Murphy

January 23, 2007, read first time and referred to Committee on Small Business and Economic Development.



Digest Continued

designate the duration of a district. Provides that a district must terminate not later than 30 years after incremental tax revenue is first distributed to the county.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1524

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 36-7-22.5 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2007]:
- 4 **Chapter 22.5. Grow Our Local Economy Districts**
- 5 **Sec. 1. This chapter applies only to a county containing an**
- 6 **eligible township.**
- 7 **Sec. 2. As used in this chapter, "corporation" refers to the**
- 8 **Indiana economic development corporation established by**
- 9 **IC 5-28-3-1.**
- 10 **Sec. 3. As used in this chapter, "department" refers to the**
- 11 **department of state revenue.**
- 12 **Sec. 4. As used in this chapter, "district" refers to a grow our**
- 13 **local economy district approved by the corporation under this**
- 14 **chapter.**
- 15 **Sec. 5. As used in this chapter, "economic development project"**



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means a project described in IC 6-3.5-7-13.1(c).

Sec. 6. As used in this chapter, "eligible township" means a township in which for the preceding year the net residential assessed value in the township is at least sixty-five percent (65%) of the total net assessed value in the township.

Sec. 7. As used in this chapter, "gross retail incremental amount" means the aggregate amount of state gross retail and use taxes, as determined by the department, that are remitted under IC 6-2.5 by businesses that begin operating in a district after the district is approved by the corporation.

Sec. 8. As used in this chapter, "income tax incremental amount" means the aggregate amount of state and local income taxes, as determined by the department, that are paid with respect to wages earned for work in a district by employees of businesses that begin operating in the district after the district is approved by the corporation.

Sec. 9. As used in this chapter, "local public improvement" includes the following:

- (1) Any redevelopment project or purpose that a redevelopment commission could carry out under IC 36-7-14 or IC 36-7-15.1.
- (2) An improvement listed in IC 36-9-1-2.

Sec. 10. (a) A county fiscal body subject to this chapter may, after a public hearing, adopt:

- (1) a plan for the redevelopment and economic development of an eligible township; and
- (2) a resolution designating the eligible township as a district.

(b) Before holding the public hearing required by subsection (a), a county fiscal body must, in accordance with IC 5-3-1, publish notice of the proposed resolution to designate the township as a district.

(c) At a public hearing required by subsection (a), the county fiscal body shall:

- (1) allow testimony from any persons interested in the proposed resolution; and
- (2) consider any written comments concerning the proposed resolution that have been filed with the county fiscal body.

(d) A county fiscal body may adopt a resolution under subsection (a) designating the township as a district only after finding that the designation of the district will do all of the following:

- (1) Attract new business enterprises to the township or retain

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or expand existing business enterprises in the township.

(2) Benefit the public health and welfare of residents of the township.

(3) Be of public utility and benefit to the township.

(4) Protect and increase state and local tax bases or revenues.

(5) Result in a substantial increase in employment opportunities and private sector investment in the township.

Sec. 11. A county fiscal body shall, in the resolution designating a township as a district, designate the duration of the district. However, a district must terminate not later than thirty (30) years after the income tax incremental amount or gross retail incremental amount is first distributed to the county containing the district.

Sec. 12. After adopting a resolution designating a township as a district, the county fiscal body shall do the following:

(1) Submit a certified copy of the resolution to the corporation for approval.

(2) Publish in accordance with IC 5-3-1 a notice of the adoption of the resolution.

Sec. 13. (a) The corporation shall review a resolution submitted to the corporation under section 12 of this chapter and either approve or disapprove the designation of the district not later than one hundred twenty (120) days after the resolution is submitted to the corporation. If the corporation fails to approve or disapprove the designation of the district not later than one hundred twenty (120) days after the resolution is submitted to the corporation, the designation of the township as a district is considered approved by the corporation.

(b) When considering a resolution submitted to the corporation under section 12 of this chapter, the corporation may not approve the designation of the district unless the corporation makes the following findings:

(1) The township to be designated as a district:

(A) is an eligible township; and

(B) meets the conditions required for designation as a district under this chapter.

(2) The designation of the township as a district will achieve the conditions specified in section 10(d)(1) through 10(d)(5) of this chapter.

(c) An income tax incremental amount and a gross retail incremental amount may not be distributed to a county for use in a district unless the district is approved by the corporation under

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1 this section.

2 Sec. 14. (a) If the designation of a district is approved by the
3 corporation, the county fiscal body that designated the district
4 must send to the department:

5 (1) a certified copy of the resolution submitted to the
6 corporation; and

7 (2) a list of the following:

8 (A) Current employers in the district.

9 (B) The street names and the range of street numbers of
10 each street in the district.

11 (C) The federal tax identification number of each current
12 business in the district.

13 (D) The street address of each current employer in the
14 district.

15 (E) The name, telephone number, and electronic mail
16 address (if available) of a contact person for each current
17 employer in the district.

18 (b) The county fiscal body must annually update the
19 information provided to the department under this section.

20 Sec. 15. (a) Before the first business day in October of each year,
21 the department shall calculate the income tax incremental amount
22 and the gross retail incremental amount for the preceding state
23 fiscal year for each district approved by the corporation under this
24 chapter.

25 (b) Businesses that begin operating in the district after the
26 district is approved by the corporation shall report, in the manner
27 and in the form prescribed by the department, information that the
28 department determines is necessary to calculate the income tax
29 incremental amount and the gross retail incremental amount.

30 Sec. 16. (a) If the corporation approves the designation of a
31 township as a district under this chapter, the treasurer of state
32 shall establish an incremental tax financing fund for the district.
33 An incremental tax financing fund shall be administered by the
34 treasurer of state. Money in an incremental tax financing fund does
35 not revert to the state general fund at the end of a state fiscal year.

36 (b) Subject to subsection (d), the incremental gross retail taxes
37 and incremental income taxes for a district shall be deposited
38 during each state fiscal year in the incremental tax financing fund
39 established for the district.

40 (c) On or before the twentieth day of each month, all amounts
41 held in the incremental tax financing fund established for a district
42 shall be distributed to the fiscal officer of the county containing the

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1 district.

2 (d) Not more than five million dollars (\$5,000,000) for all years
3 may be distributed to a county for a particular district.

4 Sec. 17. (a) If a district is approved by the corporation under
5 this chapter, the fiscal officer of the county containing the district
6 shall establish a development fund for the district.

7 (b) The county fiscal officer shall deposit in the development
8 fund for the district all amounts distributed to the county under
9 this chapter from the incremental tax financing fund established
10 for the district.

11 (c) Any money earned from the investment of money in a
12 development fund becomes a part of the development fund.

13 Sec. 18. Money in a development fund established for a district
14 may be used by a county only for the following purposes:

15 (1) To finance, construct, improve, equip, operate, or
16 maintain an economic development project or a local public
17 improvement in the district.

18 (2) To acquire or lease any land or facilities necessary for an
19 economic development project or a local public improvement
20 in the district.

21 (3) To pay debt service on bonds or other obligations issued
22 under this chapter.

23 (4) To establish and maintain a debt service reserve for bonds
24 or other obligations issued under this chapter.

25 Sec. 19. (a) A county may issue bonds or other obligations
26 payable in whole or in part from the income tax incremental
27 amount and gross retail incremental amount distributed to the
28 county from the incremental tax financing fund established for a
29 district in the county. The proceeds from the issuance of the bonds
30 or other obligations must be used in the district by the county for
31 the purposes described in section 18 of this chapter. The term of
32 any bonds or other obligations issued under this section may not
33 exceed twenty (20) years.

34 (b) A county may enter into a lease, payable in whole or in part
35 from the income tax incremental amount and gross retail
36 incremental amount distributed to the county from the incremental
37 tax financing fund established for a district in the county, of any
38 land or facility that is in the district and will be used for the
39 purposes described in section 18 of this chapter. The term of any
40 lease agreement entered into under this section may not exceed
41 twenty (20) years.

42 Sec. 20. Notwithstanding section 1 of this chapter, if a county

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1 fiscal body adopts a resolution designating a township as a district
 2 and the district is approved by the corporation, the township
 3 remains subject to this chapter and remains designated as a
 4 district, regardless of whether the net residential assessed value in
 5 the township later becomes less than sixty-five percent (65%) of
 6 the total net assessed value in the township.

7 Sec. 21. (a) If a county fiscal body determines that:

8 (1) the purposes for which a district was established have been
 9 accomplished; and

10 (2) all bonds, leases, or other obligations issued or entered into
 11 under this chapter (and all interest on those bonds or
 12 obligations) have been fully paid;

13 the county fiscal body may adopt a resolution terminating the
 14 district.

15 (b) If a county fiscal body adopts a resolution under this section
 16 to terminate a district:

17 (1) the county fiscal body shall send a certified copy of the
 18 resolution to the corporation and the department; and

19 (2) the district is terminated at the end of the state fiscal year
 20 in which the resolution is adopted by the county fiscal body.

21 Sec. 22. The general assembly covenants that this chapter will
 22 not be repealed or amended in a manner that will adversely affect
 23 the owner of bonds issued under this chapter.

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